

Hue, Valerie

60 days .

From: Weaver, Phil
Sent: Wednesday, March 05, 2003 10:02 AM
To: Commercial Ops Mgrs
Subject: FW: NSF's

The following outlines the policy for re-deposit of NSF checks. Read carefully and adhere accordingly!

Phillip Weaver
Senior VP Commercial Services
NCO Financial Systems, Inc
3850 N Causeway Blvd
Metairie, LA 70002
Work-800 735 6008
Cell-985 807 7445
Phil.Weaver@NCOgroup.com

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-----Original Message-----

From: Capaldo, Bette
Sent: Tuesday, March 04, 2003 12:28 PM
To: Weaver, Phil
Cc: McGowan, Meghan; Harkinson, Laura
Subject: RE: NSF's

Phil:

An employee has started today that is going to be responsible for the redeposit process. Please inform your staff of the below process which can begin tomorrow:

- Items that were posted on/after 2/25/03 are eligible for redeposit request
- Requests should be emailed to laura.harkinson@ncogroup.com
- Requests for redeposits can only be made for NSF items processed within the past 30 days (time frame provided by executives)
- Requests can only be made on items that have been returned only once
- Requests can only be made on true NSF items and not refer to makers, invalid accounts, etc. (this information can be found in the transactions on the debtor record)
- Emails will be processed in the order received
- Accounting clerk will have to do a final verification and only items meeting the above criteria will be posted and redeposited

If you have any questions, please feel free to give me a call.

Bette

-----Original Message-----

From: Weaver, Phil

3/5/2003

Sent: Monday, February 24, 2003 9:40 AM
To: Commercial Ops Mgrs
Cc: Commercial Sales Mgrs; Capaldo, Bette; Leckerman, Steve; Winokur, Steven
Subject: NSF's

Effective immediately, the automatic re-deposit of returned items from the bank will cease. This will prevent items being returned after client remittance has been issued.

Shortly, I will be publishing a process for collectors to utilize for re-deposit of items only returned once on a case by case basis.


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3/5/2003

NCO Financial Systems, Inc.®
Commercial Services



To: All Collectors
From: Mike Scher 
Re: IT Checks
Date: August 7, 2003

I hate to discuss an issue that shouldn't need to be addressed but I have absolutely no choice. This is regarding check faxes, check by phones etc. You folks are costing us clients and fee by not following the system we have in place.

I will refer you all to the memo that Kathy Obenshain put out 1 year ago, and again in March 2003 which you all signed, that clearly states, "Any collector manipulating this process will be grounds for immediate termination." I am not attempting to threaten jobs here but I am attempting to wake you up with respect to the luxury we have by use of this system.

In this memo I am referring to not only falsifying information but reading the memo lines on the checks that come over from your debtors. There have been numerous occasions where an IT check is created and after the fact I find out the memo line on the actual check states it was a settlement (and that info is somehow left out), or the payment covered more than just the account the client placed, etc.

Bottom line...you are costing us clients by these actions and ultimately some of you will cost yourself your job. Do not take matters into your own hands. It opens us up to huge liability issues and we cannot have that.

Should you have any questions regarding this issue please do not hesitate to see me. Thank you in advance for your future adherence to these policies.

Cc: Valerie Hue

Hue, Valerie

From: Obenshain, Kathy
Sent: Monday, January 19, 2004 8:52 AM
To: Obenshain, Kathy; Commercial Ops Mgrs
Cc: McHugh, Shawna
Subject: RE: NSF Redeposits

Please make certain you do not send these up to Horsham, forward them to me and I will send them directly to cash. They will not be redeposited without my approval.

-----Original Message-----

From: Obenshain, Kathy
Sent: Friday, January 16, 2004 3:34 PM
To: Commercial Ops Mgrs
Cc: McHugh, Shawna
Subject: NSF Redeposits

All NSF checks for 5k or greater gross must be approved by me before any check is redeposited, and I will send that approval to Shawna McHugh for processing. Under no circumstances should anyone request a redeposit of a check without clear notes with bank information including the tel number of the bank that indicate we verified the availability of funds and that there is no stop payment. Please call me with any questions, and share with your other managers immediately.

Memo for Record

To: Josh Ginden
Steve Leckerman
Dina Loft

From: Kathy Obenshain

Date: January 22, 2004

Re: Dover DCI Investigation

We determined yesterday that an inordinate amount of NSF's from Dec 03 were a result of previously returned DCI's recreated by the collectors without the permission of the debtor and re-deposits that were run by producers and managers without talking to the debtor or making any attempt to verify funds with the bank. My review also uncovered one collector, Matt Lane, altering check amounts on DCI's without the permission of the debtor. Through a preliminary investigation with the GCM, Valerie Hue, I was told that Eric Shaw the Mid Balance manager had gone over the NSF's from November fee production not yet recovered and asked the collectors "will the money be there" based on their answers yes or no he told them to recreate the DCIs and put the money back on. We decided this is fraudulent behavior, discussed the issue with Steve Leckerman and demoted him from management to producer. Matt Lane has been terminated.

Today Ted Fox and I started conducting an independent investigation interviewing producers in Dover, who stated that they were advised by management to recreate DCIs without talking to debtors, redeposit checks without verification of funds and not pull checks at EOM even if told that no funds were available by the debtor. Most of them have made written statements confirming these facts. Pending completion of this investigation we have suspended Valerie Hue anticipating termination.

New Policies:

- a. No redeposits will be allowed for checks greater than 5k without written permission from Kathy Obenshain sent directly to Horsham.
- b. No DCI will be allowed by telephone in the commercial division. A DCI form will be faxed to the debtor, the debtor will sign the form and fax back a copy of the check along with the signed form. All DCI information will be input by, an Administrative Assistant or designated manager, but not a producer. All DCI copies will be maintained in a secure location at the Branch on a daily basis, month by month, which will clearly provide us with a method for verification at eom.

Example DCI's

S34627, S13617, P95383, R47590, S34627, S13617

Cc: Ted Fox

Enclosure

belly dance

From: "belly dance" <bellydance12@msn.com>
To: <steve.leckerman@ncogroup.com>
Cc: <ted.fox@ncogroup.com>
Sent: Thursday, January 22, 2004 9:28 AM
Subject: Valerie Hue

Dear Mr. Leckerman,

First, let me thank you for speaking to me this morning. I am stating for the records that I have not committed fraud nor, was my intent to commit fraud.

1/21 I was placed on suspension with pay due to 2 concerns: Not pulling checks and recreating dci on redips

Not pulling checks: I, as well as my mgt staff were given directives by Kathy on some months not to pull any checks. She would state they need to start working supp right away. I remember this being directed either June or July. This directive was given many different times during my 2 yrs as GCM. When a collector has asked me to pull or move check into next month. I look at where the producer is mtd. Is he sand bagging? Usually that is the case. I wouldn't tell the producer he is sand bagging but, no to his request. There has been hundreds of times when I have pulled check with out the producers okay because of stop pay, etc.

Recreating DCI redips: We had a policy under Phil Weaver that all checks were redipped 2 times automatically. When that policy went away it was mgt discretion on redipping checks. I have a redip policy in my branch with a form that the producer fills out. This form asks for verification method and once it is signed then it is redipped. If that form isn't filled out then it wasn't approved.

My manager, under my direction went to the producers with cash journal in December and discussed nsf if we could redip any checks. The same paper work had to be completed however, I did notice numerous checks were redipped without the form being signed after I returned from vacation. Yes, I should have given Eric clearer direction. The managers and producers always talked together about this. I never advised any producer they HAD to redip a check if we knew there was no chance to recover. If the banks won't verify which is 80% of the time then the decision is made based on that collector gut and discussion with the debtors.

In the beginning mgt were given a directive from upper management that on redipping dci we would have to recreate them with the same check number. I believe there are emails to that effect. That directive was never officialy changed by upper management. I have reviewed cash journals from all offices and noticed dci being created on nsf.

Kathy, on the conference call on 1/20/04 did clarify we had to redip the dci not recreate another one. Mac MacKenzie, asked the question on the conference call if dci comes back could we recreate it with same check number. Kathy asked him is that going on in his branch and he stated not as of right now. Yesterday, Kathy stated I was the only branch that recreated checks on dci. I was surprised since she knew Atlanta also had done the same thing. I know there was no fraud attempt as she alleged. The direction that was given wasn't clear by upper management.

Kathy had stated on calls to my office to redip everything except stop pay. I believe this was in June or July.

1/22/2004

Brian Laiche stated to me that he was upset not bonusing and he redipped many of his checks in Jan or Feb of last year to make a bonus. He said Kathy knew.

I am being disciplined because the direction from upper management was not clear on numerous occasions. I believe I am being singled out for things alll gcm have done not because we are stealing but, due to direction that wasn't clear.

My attempt in this email is for you to understand as gcm we have not always had clear direction. I don't deserve to be treated in this manner.

Thank you,

Valerie Hue

1/22/2004

EXHIBIT B

General Manager Titles 2002 - 2004

<u>Clock</u>	<u>Name</u>	<u>PSID</u>	<u>Div</u>	<u>Dept</u>	<u>Category</u>	<u>Status</u>	<u>DOH</u>	<u>DLH</u>	<u>Term Date</u>	<u>Title</u>	<u>Gender</u>	<u>Ethnicity</u>	<u>Entity</u>
38195	Cavalcante, Craig	MMI 610	85	N		Terminated	05/08/1995	05/08/1995	06/18/2004	General Manager	M	White (not of Hispanic origin)	COMMERCIAL
09972	Demarte, Frank	MMI 606	64	F		Active	08/03/1992	08/03/1992		General Sales Manager	M	White (not of Hispanic origin)	COMMERCIAL
03584	Gallagher, Jason	MMI 608	66	F		Active	07/24/1995	07/24/1995		General Sales Manager	M	White (not of Hispanic origin)	COMMERCIAL
28843	Geisler, Linda	KAK 086	21	F		Active	02/01/1990	02/01/1990		General Manager	F	White (not of Hispanic origin)	COMMERCIAL
38201	Hallam, Stephen	MMI 604	24	F		Active	02/17/1992	06/23/2004		General Manager	M	White (not of Hispanic origin)	COMMERCIAL
24088	Haynie, Chad	MMI 611	64	F		Active	08/03/1998	12/03/2001		General Sales Manager	M	White (not of Hispanic origin)	COMMERCIAL
09608	Hue, Valerie	MMI 608	24	N		Terminated	04/19/1999	04/19/1999	01/29/2004	General Manager	F	Black (not of Hispanic origin)	COMMERCIAL
30895	McCullough, Victor	MMI 604	64	N		Terminated	04/02/2001	04/02/2001	06/13/2003	General Sales Manager	M	White (not of Hispanic origin)	COMMERCIAL
09976	McKenzie, Berkley	MMI 604	24	N		Terminated	03/30/1995	05/12/2004	06/01/2004	General Collection Manager	M	White (not of Hispanic origin)	COMMERCIAL
30345	Morvant, Edward	MMI 604	64	F		Active	01/04/1993	09/13/2004		General Sales Manager	M	White (not of Hispanic origin)	COMMERCIAL
10069	Obenshain, Kathleen	MMI 604	24	N		Terminated	12/01/1994	12/01/1994	07/16/2004	General Manager	F	White (not of Hispanic origin)	COMMERCIAL
06661	Patterson, Mark	MMI 601	83	F		Active	11/01/1991	02/03/2004		General Manager	M	White (not of Hispanic origin)	COMMERCIAL
74	Venable, Omar	MMI 601	83	F		Active	07/21/2003	07/21/2003		General Manager	M	Black (not of Hispanic origin)	COMMERCIAL